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Van Slyke, N.B.

Address ... before the
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ADDRESS

OF

MR. N. B. VAN SLYKE, PRESIDENT OF THE FIRST NATIONAL BANK
OF MADISON, WISCONSIN, READ BEFORE THE BANKERS' CON-
VENTION, AT CHICAGO, SEPTEMBER 23-24, 1885.

Mr. President and Gentlemen of the Convention:

The great change in methods of business wrought during the past twenty-five or thirty years, with banks, alike with other classes, has rendered many of the old-time rules (however correct in principle now, as then), impracticable, and the departure from what was, to what *is* banking usage, appears most marked in the comparatively new West, and where speculative inducements, incident to rapid growth and advancing values, have stimulated both borrowers and lenders to assume risks formerly avoided.

As the relative value of money lessens, the character of bank loans become less secure, and the former conservative management—the “slow but sure” process of accumulation—has been abandoned for the chances of larger profits with increased hazard. The plethora of money tends to loosen the reins of exactness, so that the familiar quotation upon the cover of our magazine—“no expectation of forbearance or indulgence should be encouraged. Favor and benevolence are not the attributes of good banking. Strict justice and rigid performance of contracts are its proper foundation”—has in practice become obsolete because impracticable.

The customer who is now made to regard such rules with “no expectation of forbearance,” soon changes his account to an institution that solicits it with promise of doing more than may be prudent for either.

The ease with which money can be obtained and loans renewed, promotes speculation, to the detriment of legitimate trade, and many a failure of both bank and customer can be directly traced to this indulgence.

Failure, to-day, means but temporary suspension; debts are readily compromised to avoid costs to the creditor, and the debtor soon starts out with a cleaner balance, than record of honor.

Our collection and exemption laws have materially changed. Legislation tends to shield the debtor, rather than protect the creditor; to promote litigation and fee lawyers.

Corporations without *individual liability* are fast taking the place of individuals or private firms in the conduct of business, and the success of one class has become so much more dependent upon another, that risks seem to increase as capital consolidates. Corporations can fail, while their representatives grow rich. Not so with the individual business-man. He retains some pride and interest in his character and credit, hopeful in his future prospects; but corporations die, lose their identity, revive under a new name, under the same managers, without fear of former responsibilities or obligations, and often the corporation is in fact but one man, whose sole management has no restraint.

"Boards of Directors" are too frequently merely such in name, and the numerous defalcations by officers of corporations can generally be attributed to the culpable, if not criminal neglect of directors, who have been depended upon by the public as having knowledge of, and performing their duties. Men who control large sums of money have strong temptations offered them, and where the money is not their own they are more apt to fall into the trap; especially when directors are known to be negligent of their duty. Suspected persons seldom embezzle; it's the one in whom we place confidence, a long continued confidence. Bank directors must remember that they have a duty to perform which the courts are making them responsible for, and that no *one* man should be implicitly trusted with funds not his own; for his own safety, if no other purpose.

The rapidity with which operations are done, through facilities of rail and wire, at the present time, are wonderful, in contrast with a generation ago. Such changes, effected through natural demands, are always beneficial, but such as are created by improper influence, or the caprice of legislation, generally embarrass trade, if they do not end in disaster.

This growing from *natural* demands has produced the change in that medium of all trade—the money we use. The "wild cat" of '53, to the "greenback" of '85, which, it is to be hoped, will always faithfully represent the "yellow boy" of all times and all nations.

The threadbare subject of our excessive silver coinage, the unwise enforcement of the standard silver dollar upon the people, with the still more objectionable silver certificate of deposit, so stealthily creeping in upon us, demands all the attention that has been, or can be given to it, and until congress affords relief.

You gentlemen who have the great bulk of the currency of the country to pass through your hands, and who daily experience both the inconvenience and result of this overloading, need no information concerning it; but a great majority of our people do, since they appear to either lack knowledge or care, being slow to realize the effect so gradually but surely being produced upon a community, by countenancing the use of a currency which is steadily depreciating in foreign commercial value as its volume increases; therefore it is, that their representatives in congress have thus far failed to arrest the flood.

Regardless of the recommendations of the financial officers of the government and the bankers throughout the country, (who are presumed to be the best informed on the subject), and who have been striving to avert the impending danger, their efforts are powerless, while the present law stands without amendment. An act compelling the millions of silver to be bought and coined monthly to the depletion of gold from the treasury. An act whereby a forced market for more than one-half of the entire product of our mines is guaranteed, when otherwise the value of pure silver—compared with gold—would have depreciated twenty-five or thirty per cent. since peace was restored; and this compulsory purchase and coinage seems to be continued for the sole benefit of a comparatively few individuals whose mines have made them millionaires, and whose influence is exerted strenuously for the continuance of the evil.

There may have been a time when a need of admitting silver coin in unlimited amounts as a legal tender, existed, in order to more easily resume a specie basis, but there never was either consistency or justice in issuing *two kinds of silver dollars*, dollars of unequal worth and weight, giving most legal value to the one having the least intrinsic worth, and then—after the unsuccessful experiment— withdrawing the most valuable to be substituted by the less—the "standard," whose legend (not upon its *face*) is the only assurance of "Trust" we

have—"in God." That a government should attempt to profit from its people by its coinage, is as unwarranted as to profit by its postal rates, which none will advocate. If the government is *of* and *for* the people, wherein is the gain?

The duty of the government is to provide a standard of money which, less cost of coinage, shall be worth in fact what it purports to be, and to maintain such standard, not only by fiat of law, but approximately throughout the trading world.

There was a time when here in Chicago, wampum could be conveniently used as money. Furs were legal tender, and beads, small coin; but the business of to-day demands a medium of exchange which, with little depreciation, will pass current beyond the limits of an Indian tribe. The Chicago post-trader has become the world's merchant, who buys and sells his commodities of and to the world at large, and he now wants *money*; a money of nearly uniform current value wherever he trades. It's "no pent up Utica," etc. Though our laws may enforce a *local* legal tender value, and temporarily profit at the expense of the governed, by this mistaken policy, let us not be deceived by counting upon what we have not, not even a "trade dollar," but by a "standard" unrecognized by intimate nations.

With two hundred millions of these fiat dollars in the treasury, being transported from place to place for want of room, and another one hundred millions for which silver certificates of deposit are floating about the country, it must be evident that the people have no use for it in such unreasonable, inconvenient and unprofitable proportion. The dealings of every one prove it, in the general practice of endeavoring to pass the weighty, not to say eighty-cent, dollar from their hands. The old-time fireside amusement of passing around a burning stick, and saying "Robin's alive," etc., before the fire goes out, is an apt illustration, and though the embers may live longer in silver than in sticks, they will die (depreciate) and require to be relighted—recoined into a more valuable piece, else the treasury may continue to transport it, and build vaults for storage, which better contain bullion than the repudiated coin. Repudiated, because in its excess, burdensome and unpopular as a currency; and they will soon see the necessity of demanding a repeal of so much of the silver act of 1878 as *requires* the purchase or coinage beyond the actual requirements of business.

If the inconvenience is thought to be remedied by an exchange for silver certificates—a "shinplaster," less burdensome, but of no legal value in itself,—we all know that morphine administered to alleviate pain, endangers the patient to a habit more difficult to cure than the original disease. The difference between a treasury note and the insidious silver certificate is beginning to be realized. The treasury note ("greenback") is receivable for all debts, except the interest upon the public debt and duties on imports, while the silver certificate is a mere *receipt* for silver dollars, of uncertain value, dangerous in its use, because displacing a better currency, and ultimately driving both the treasury note and true coin out of circulation; to be sent abroad or hoarded by the banks, where it is sure to be kept, in place of doubtful funds.

The treasury note promises to pay what we want; the silver certificate, to pay what none care to keep. This difference, if the system is continued, will develop into a currency panic, and result in throwing the country back upon an eighty cent silver basis, a change which can be justly charged to improper influences and capricious legislation, not ~~to~~ the natural demands of trade.

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